

Senate File 125

AN ACT

RELATING TO ALCOHOLIC BEVERAGE CONTROL AND MATTERS UNDER  
THE PURVIEW OF THE ALCOHOLIC BEVERAGES DIVISION OF THE  
DEPARTMENT OF COMMERCE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 123.43A, subsection 3, Code 2015, is amended to read as follows:

3. A micro-distillery shall not sell micro-distilled spirits other than as permitted in this chapter and shall not allow micro-distilled spirits sold to be consumed upon the premises of the micro-distillery. However, as a part of a micro-distillery tour, micro-distilled spirits of no more than two ounces per person per day may be ~~sampled~~ tasted on the premises where fermented, distilled, or matured, when no charge

is made for the ~~sampling~~ tasting.

Sec. 2. Section 123.56, subsections 1 and 2, Code 2015, are amended to read as follows:

1. Subject to rules of the division, manufacturers of native wines from grapes, cherries, other fruits or other fruit juices, vegetables, vegetable juices, dandelions, clover, honey, or any combination of these ingredients, holding a class "A" wine permit as required by this chapter, may sell, keep, or offer for sale and deliver the wine. Notwithstanding section 123.24, subsection 4, or any other provision of this chapter, manufacturers of native wine may ~~purchase~~ obtain and possess grape brandy from the division for the sole purpose of manufacturing wine.

2. Native wine may be sold at retail for off-premises consumption when sold on the premises of the manufacturer, or in a retail establishment operated by the manufacturer. Sales may also be made to class "A" or retail wine permittees or liquor control licensees as authorized by the class "A" wine permit. A manufacturer of native wines shall not sell the wines other than as permitted in this chapter and shall not allow wine sold to be consumed upon the premises of the manufacturer. However, prior to sale native wines may be ~~sampled~~ tasted on the premises where made, when no charge is made for the ~~sampling~~ tasting. A person may manufacture native wine for consumption on the manufacturer's premises, when the wine or any part of it is not manufactured for sale.

Sec. 3. Section 123.124, Code 2015, is amended to read as follows:

**123.124 Permits — classes.**

Permits for the manufacture and sale, or sale of beer shall be divided into six classes, known as class "A", special class "A", class "AA", special class "AA", class "B", or class "C" permits. A class "A" permit allows the holder to manufacture and sell beer at wholesale. A holder of a special class "A" permit may only manufacture beer to be consumed on the licensed premises for which the person also holds a class "C" liquor control license or class "B" beer permit ~~and~~, to be sold to a class "A" permittee for resale purposes, and to be sold to distributors outside of the state that are authorized by the laws of that jurisdiction to sell beer at wholesale. A class "AA" permit allows the holder to manufacture and sell high alcoholic content beer at wholesale. A holder of a special class "AA" permit may only manufacture high alcoholic content

beer to be consumed on the licensed premises for which the person also holds a class "C" liquor control license or class "B" beer permit ~~and~~, to be sold to a class "AA" permittee for resale purposes, and to be sold to distributors outside of the state that are authorized by the laws of that jurisdiction to sell high alcoholic content beer at wholesale. A class "B" permit allows the holder to sell beer to consumers at retail for consumption on or off the premises. A class "C" permit allows the holder to sell beer to consumers at retail for consumption off the premises.

Sec. 4. Section 123.127, subsection 1, unnumbered paragraph 1, Code 2015, is amended to read as follows:

A class "A", ~~or class "AA",~~ special class "A", or special class "AA" permit shall be issued by the administrator to any person who:

Sec. 5. Section 123.128, subsection 1, paragraph a, Code 2015, is amended to read as follows:

a. All the information required of ~~a class "A"~~ an applicant by section 123.127, subsection 1, paragraph "a".

Sec. 6. Section 123.128, subsection 2, Code 2015, is amended to read as follows:

2. ~~Fulfills the requirements of section 123.127, subsection 1, paragraph "b", relating to class "A" applicants.~~

Sec. 7. Section 123.129, subsection 2, paragraph a, Code 2015, is amended to read as follows:

a. Submits an application electronically, or in a manner prescribed by the administrator, which shall state under oath all the information required of ~~a class "A"~~ an applicant by section 123.127, subsection 1, paragraph "a".

Sec. 8. Section 123.130, Code 2015, is amended to read as follows:

**123.130 Authority under class "A", class "AA", special class "A", and special class "AA" permits.**

1. Any person holding a class "A" or class "AA" permit issued by the division shall be authorized to manufacture and sell, or sell at wholesale, beer for consumption off the premises, such sales within the state to be made only to persons holding subsisting class "A", "B", or "C" permits, or liquor control licenses issued in accordance with the provisions of this chapter. A class "A", class "AA", special class "A", or special class "AA" permit does not grant authority to manufacture wine as defined in section 123.3, subsection 47.

2. All class "A" and class "AA" premises shall be located within the state. All beer received by the holder of a class "A" or class "AA" permit from the holder of a certificate of compliance before being resold must first come to rest on the licensed premises ~~licensed by the class "A" of the permit holder~~, must be inventoried, and is subject to the barrel tax when resold as provided in section 123.136. A class "A" or class "AA" permittee shall not store beer overnight except on premises licensed under a class "A" or class "AA" permit.

3. All special class "A" and special class "AA" premises shall be located within the state. A person who holds a special class "A" or special class "AA" permit for the same location at which the person holds a class "C" liquor control license or class "B" beer permit may manufacture and sell beer to be consumed on the premises and, may sell beer to a class "A" or class "AA" permittee for resale purposes, and may sell beer to distributors outside of the state that are authorized by the laws of that jurisdiction to sell beer at wholesale.

Sec. 9. Section 123.135, Code 2015, is amended to read as follows:

**123.135 Certificate of compliance — civil penalty.**

1. A manufacturer, brewer, bottler, importer, or vendor of beer or any agent thereof desiring to ship or sell beer, or have beer brought into this state for resale by a class "A" or class "AA" permittee shall first make application for and be issued a brewer's certificate of compliance by the administrator for that purpose. The certificate of compliance expires at the end of one year from the date of issuance and shall be renewed for a like period upon application to the administrator unless otherwise revoked for cause. Each application for a certificate of compliance or renewal of a certificate shall be submitted electronically, or in a manner prescribed by the administrator, and shall be accompanied by a fee of five hundred dollars payable to the division. Each holder of a certificate of compliance shall furnish the information in a manner the administrator requires.

2. At the time of applying for a certificate of compliance, each applicant shall file with the division a list of all class "A" and class "AA" permittees with whom it intends to do business and shall designate the geographic area in which its products are to be distributed by such permittee. The listing of class "A" and class "AA" permittees and geographic area as filed with the division may be amended from time to time by the

holder of a certificate of compliance.

3. All class "A" and class "AA" permit holders shall sell only those brands of beer which are manufactured, brewed, bottled, shipped, or imported by a person holding a current certificate of compliance. Any employee or agent working for or representing the holder of a certificate of compliance within this state shall submit electronically, or in a manner prescribed by the administrator, the employee's or agent's name and address with the division.

4. It shall be unlawful for any holder of a certificate of compliance or the holder's agent, or any class "A" or class "AA" permit holder or the permit holder's agent, to grant to any retail beer permit holder, directly or indirectly, any rebates, free goods, or quantity discounts on beer which are not uniformly offered to all retail permittees.

5. Notwithstanding any other penalties provided by this chapter, any holder of a certificate of compliance or any class "A" or class "AA" permit holder who violates this chapter or the rules adopted pursuant to this chapter is subject to a civil penalty not to exceed one thousand dollars or suspension of the holder's certificate or permit for a period not to exceed one year, or both such civil penalty and suspension. Civil penalties imposed under this section shall be collected and retained by the division.

Sec. 10. Section 123.136, Code 2015, is amended to read as follows:

**123.136 Barrel tax.**

1. In addition to the annual permit fee to be paid by all class "A" and class "AA" permittees under this chapter there shall be levied and collected from the permittees on all beer manufactured for sale or sold in this state at wholesale and on all beer imported into this state for sale at wholesale and sold in this state at wholesale, and from special class "A" and special class "AA" permittees on all beer manufactured for consumption on the premises, a tax of five and eighty-nine hundredths dollars for every barrel containing thirty-one gallons, and at a like rate for any other quantity or for the fractional part of a barrel. However, no tax shall be levied or collected on beer shipped outside this state by a class "A" or class "AA" permittee or sold by one class "A" or class "AA" permittee to another class "A" or class "AA" permittee.

2. All revenue derived from the barrel tax shall accrue to the state general fund.

3. All of the provisions of this chapter relating to the administration of the barrel tax on beer shall apply to this section.

Sec. 11. Section 123.137, subsection 1, Code 2015, is amended to read as follows:

1. A person holding a class "A" ~~or~~, class "AA", special class "A", or special class "AA" permit shall on or before the tenth day of each calendar month commencing on the tenth day of the calendar month following the month in which the person is issued a permit, make a report under oath to the division electronically, or in a manner prescribed by the administrator, showing the exact number of barrels of beer, or fractional parts of barrels, sold by the permit holder during the preceding calendar month. The report shall also state information the administrator requires, and permit holders shall at the time of filing a report pay to the division the amount of tax due at the rate fixed in section 123.136.

Sec. 12. Section 123.138, subsection 1, Code 2015, is amended to read as follows:

1. Each class "A" ~~or~~, class "AA", special class "A", or special class "AA" permittee shall keep proper records showing the amount of beer sold by the permittee, and these records shall be at all times open to inspection by the administrator and to other persons pursuant to section 123.30, subsection 1. Each class "B" permittee, class "C" permittee, or retail liquor control licensee shall keep proper records showing each purchase of beer made by the permittee or licensee, and the date and the amount of each purchase and the name of the person from whom each purchase was made, which records shall be open to inspection pursuant to section 123.30, subsection 1, during normal business hours of the permittee or licensee.

Sec. 13. Section 123.139, Code 2015, is amended to read as follows:

**123.139 Separate locations — class "A", class "AA", special class "A", special class "AA".**

A class "A" ~~or~~, class "AA", special class "A", or special class "AA" permittee having more than one place of business is required to have a separate permit for each separate place of business maintained by the permittee where beer is stored, warehoused, or sold.

Sec. 14. Section 123.142, Code 2015, is amended to read as follows:

**123.142 Unlawful sale and importation.**

1. It is unlawful for the holder of a class "B" or class "C" permit issued under this chapter to sell beer, except beer brewed on the premises covered by a special class "A" or special class "AA" permit or beer purchased from a person holding a class "A" or class "AA" permit issued in accordance with this chapter, and on which the tax provided in section 123.136 has been paid. However, this section does not apply to class "D" liquor control licensees as provided in this chapter.

2. It shall be unlawful for any person not holding a class "A" or class "AA" permit to import beer into this state for the purpose of sale or resale.

Sec. 15. Section 123.143, subsection 3, Code 2015, is amended to read as follows:

3. Barrel tax revenues collected on beer manufactured in this state from a class "A" or class "AA" permittee which owns and operates a brewery located in Iowa shall be credited to the barrel tax fund hereby created in the office of the treasurer of state. Moneys deposited in the barrel tax fund shall not revert to the general fund of the state without a specific appropriation by the general assembly. Moneys in the barrel tax fund are appropriated to the economic development authority for purposes of section 15E.117.

Sec. 16. Section 123.180, subsection 1, Code 2015, is amended to read as follows:

1. A manufacturer, vintner, bottler, importer, or vendor of wine or an agent thereof desiring to ship, sell, or have wine brought into this state ~~for resale by the division or for sale at wholesale by a class "A" permittee~~ shall first make application for and shall be issued a vintner's certificate of compliance by the administrator for that purpose. The vintner's certificate of compliance shall expire at the end of one year from the date of issuance and shall be renewed for a like period upon application to the administrator unless otherwise revoked for cause. Each application for a vintner's certificate of compliance or renewal of a certificate shall be submitted electronically, or in a manner prescribed by the administrator, and shall be accompanied by a fee of one hundred dollars payable to the division. Each holder of a vintner's certificate of compliance shall furnish the information required by the administrator in the form the administrator requires. A vintner or wine bottler whose plant is located in Iowa and who otherwise holds a class "A" wine permit to sell wine at wholesale is exempt from the fee, but not the other

terms and conditions. The holder of a vintner's certificate of compliance may also hold a class "A" wine permit.

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PAM JOCHUM  
President of the Senate

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KRAIG PAULSEN  
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 125, Eighty-sixth General Assembly.

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MICHAEL E. MARSHALL  
Secretary of the Senate

Approved \_\_\_\_\_, 2015

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TERRY E. BRANSTAD  
Governor